

For: State and County Offices

**Special Handling of Cash Leases on Farm Inventory Property**

**Approved by:** Deputy Administrator, Farm Credit Programs

*Susan Anne Kling*

**1 Overview**

**A**

**Background**

Under FmHA Instruction 1955-B, Section 1955.66(a)(2)(iii)(B), a feasible plan must be demonstrated even when an applicant wishes to lease farm inventory property after preservation rights have expired. This differs from the provisions for leasing leaseback or buyback property in FmHA Instruction 1951-S, Section 1951.911(a)(6)(i), in which a feasible plan is not required if the lessee pays cash rent up front.

**B**

**Purpose**

This notice provides guidance on handling applications to lease general FSA farm inventory property when the applicant proposes to lease the property for cash. If a party proposing to lease FSA farm inventory property proposes to pay the annual lease rental in cash at the time the lease is executed, it will be accepted and a written feasible plan will not be necessary. It is assumed that an up front payment of the full cash rent demonstrates that the applicant developed a feasible plan.

**2 Instructions**

**A**

**Applicability of Instructions**

The instructions in this notice apply to:

- County Offices
- Ag Credit Teams working within County Offices.

**Disposal Date**

December 1, 1996

**Distribution**

State Offices; State Offices relay to County Offices and Ag Credit Teams